

CNU

Steps to Organize a CNU Chapter

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Introduction

The Congress for the New Urbanism (CNU) is a 501(c)(3) nonprofit organization and is the nation's leading organization helping communities design and build great places that people love.

Across the country, people are demanding more great places, demographics are supporting this trend, and local governments are responding. But more needs to be done. Local land development regulations and funding formulas still support single-family, large lot development. Complete—but not great—streets are being built, and the architecture and design of many new developments fail to inspire. CNU is poised to leverage these trends to increase the number – and ease – of preserving, designing, and building places where community is created, where visitors return, and residents don't want to leave.

Today, CNU works in parallel with members to remove roadblocks that impede new urbanism, serving as a connector between the fields of architecture, landscape architecture, urban planning, economics, real estate development, engineering and government that for too long have worked in isolation. With members in 26 countries and 49 states, and support stemming from local, federal, and international levels, our members work hard to promote policies that make cities and towns more engaging, vibrant and livable than ever.

CNU chapters are CNU's ground game and work to further this mission through education, networking, and outreach at the local, regional, and state levels. CNU's goal is that chapters be strong and independent nonprofit organizations. Putting work into organizing the chapter will lead to a strong organization. The three organizing stages outlined in this document are designed to ensure that a chapter has the tools needed to start with a firm foundation, sustain itself overtime, and make certain that CNU expectations and requirements for chapters are met.

Steps to Organize a CNU Chapter, which outlines the required stages for forming a CNU chapter, is one of three publications that are essential reading for CNU chapter organizers. The companion documents are the *Chapter Policies Handbook*, which specifies requirements for CNU chapters, and the *Chapter Resource Toolkit*, which highlights a range of best practices for chapters to use in building successful organizations. Before forming a chapter, organizers should familiarize themselves with all three documents.

All questions regarding chapters should be addressed to CNU's Chapter Coordinator. The Coordinator maintains samples of the forms that must be completed to become a chapter (for example, a sample set of by-laws, articles of incorporation, 501(c)(3) application, and CNU Chapter Charter Agreement).

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1 Chapter Interest Group

The purpose of the Interest Group stage is to help chapter organizers understand CNU's requirements for the creation and operation of chapters and determine if there is a sufficient level of interest within the proposed chapter's geographic service area to meet the requirements for establishing (and, over time, sustaining) a chapter. Initial tasks for Interest Groups are outlined below. Once those steps are finalized, the Interest Group becomes a Chapter Organizing Committee (COC).

1.1 Register Interest in Forming a Chapter

Contact the CNU Chapter Coordinator to register your interest in forming a chapter. This enables CNU to learn of the organizers' desire to create a chapter and provide information and assistance to the group about what they can (and cannot do) as an Interest Group and what is required to become a chapter. The Chapter Coordinator can also put you in touch with others who have expressed interest in forming a chapter in your area.

1.2 Assemble a Core Group of Organizers

Considering the time and energy involved in starting a chapter, it's best for a few committed members to lead the process from the start, as opposed to one person trying to carry the group alone. The "core group" can share tasks and responsibilities to bring together your Chapter Organizing Committee and put together your first meeting.

1.3 Review Requirements and Assess Chapter Feasibility

Review requirements for chapters outlined in the *Chapter Policies Handbook* and determine the feasibility of a CNU chapter in your area. The geographic scope of the chapter's service area is an important factor to consider in making this determination. The service area will need to be large enough to provide the required level of volunteer commitment and interest and the potential for membership growth needed to build and sustain a strong chapter.

1.4 Establish an Organizing Committee

Obtain the commitment of a minimum of 20 CNU members who agree to join a Chapter Organizing Committee and pledge to help build and sustain a strong chapter in their area. The Organizing Committee functions as the voice of approval from members in the area, guiding the formation of the chapter and providing CNU assurance that the chapter will serve the best interest of the local membership. Members of the Organizing Committee must maintain current membership in CNU.

To get started, chapter organizers may contact the CNU Chapter Coordinator for CNU member contact lists within their area. The Organizing Committee must remain open for all CNU members in the area to participate until a board of directors is elected.

Chapter organizers may be able to establish the committee through one or two meetings. Organizing steps should include the following:

- Elect an Executive Committee consisting of a Chair, Vice-Chair, and Secretary-Treasurer.

- The Executive Committee and Organizing Committee members should then decide on the chapter's purpose, structure, initial objectives, and geographic scope.
- Prepare a first year budget and list of events.

1.5 Prepare and File the Petition for Chapter Organizing Committee Status

Once the steps outlined above are satisfactorily completed, the organizers may register with CNU as a Chapter Organizing Committee (COC) by completing and submitting the Petition for Chapter Organizing Committee Status. (The petition form may be obtained from the CNU Chapter Coordinator.) The petition signatures signify the support of local members for the plan to form a chapter in their area.

2 Chapter Organizing Committee

The Chapter Organizing Committee (COC) functions as a committee of CNU tasked with creating a new chapter and must make all necessary decisions for setting up the chapter. After a COC has been registered for an area, no additional COCs may be created in that area. CNU may set a limit on how long a chapter may stay a COC. That decision would be based on a COC's annual report (e.g., if the COC is active and moving forward toward Full Chapter Status).

2.1 Review and Agree to Comply with Allowed COC Activities

Allowed: Once the CNU Chapter Coordinator approves the group's registration as a COC, the group may:

- Sponsor networking and educational events. The COC must invite all CNU members within its geographic scope to participate. (Upon request, CNU will provide member contact lists.)
- Set up booths at events and distribute brochures and outreach materials, which can be obtained from the CNU Chapter Coordinator.
- Ask CNU to collect and hold tax-deductible donations for the future chapter and request reimbursements from these funds for expenses related to chapter development. CNU, however, cannot fund chapters beyond what they can raise.
- Recruit additional CNU members and COC members. As outlined below, the chapter itself will not have members until it achieves Full Chapter status.
- Carry out a founders' fundraising campaign. A COC may solicit large donations (typically \$250–\$500 for individuals, and more for companies) for "Founding Patrons." Founders will often provide enough start-up capital to sustain the COC until it begins collecting membership dues through CNU. (Additional sources of income during this time could include smaller gifts, event fees, in-kind donations, and other small, non-tax-deductible contributions.) All such donations should be made payable to CNU and collected by the chapter; CNU will deposit the donations into a fund for the chapter and send thank-you letters confirming the charitable tax deduction (when applicable). When the COC is ready (e.g., when it has opened a bank account and achieved 501(c)(3) status), CNU will either forward the balance to

Requirements for incorporation vary by state, and information may be obtained from the Secretary of State. If the chapter will be operating in more than one state, it should file incorporation papers in the state where the chapter's headquarters will be located and make such additional filings in other states as required by them in order to conduct activities as a foreign corporation. Typically, incorporation will require the following information: chapter name, general purposes, and by-laws; membership and directors as set forth in the by-laws; incorporators; registered agent; and distribution of assets or property upon dissolution of the corporation. The incorporation papers also require a filing fee, which is the responsibility of the COC.

2.1.1 Elect Initial Board of Directors and Officers

2.1.2 Prepare a Three-Year Business Plan for Chapter Growth

The business plan should outline a projected three-year budget and work plan.

2.1.3 Insurance

Obtain liability insurance, per the *Chapter Policies Handbook*. Chapters are also strongly encouraged to obtain Directors and Officers Insurance.

2.1.4 Submit Application for 501(c)(3) Status to the IRS

Each chapter is responsible for completing and submitting a 501(c)(3) application to the Internal Revenue Service (IRS). (The CNU Chapter Coordinator can supply a sample application.) The IRS requires that new corporations file their application within 15 months of creation to ensure the retroactive exemption to the date of creation, although an organization may obtain an extension of 12 additional months. The CNU 501(c)(3) sample contains the standard information that is consistent for all CNU chapters. The IRS regulations allow the chapter to operate as a tax-exempt organization during the time that the application is under review by the IRS. That means a chapter may conduct chapter membership activities and accept donations subject to the legal requirements of the state in which the chapter is incorporated. CNU does not guarantee that the chapter's request for 501(c)(3) status will be approved. Once the 501(c)(3) application is approved, the chapter should determine if it is eligible under state law to apply for an exemption from state taxes such as a sales tax and should obtain information on services available to 501(c)(3) organizations, including lower rates on bulk mailings.

2.1.5 Open a Bank Account

CNU recommends that COCs wait to open a bank account until after they have filed for 501(C)(3) status to avoid potential complications when filing.

2.2 Reach Full Chapter Requirement of 50 Members

Recruit members to reach a minimum of 50 CNU members in your COC's geographic territory. Membership materials and a sample membership solicitation letter may be obtained from the CNU Chapter Coordinator. The CNU Chapter Coordinator can also help the chapter identify successful techniques for recruiting new members.

2.3 Execute the CNU Chapter Charter Agreement

Executing the CNU Chapter Charter Agreement is the final requirement for becoming a Full Chapter—obtain a copy of the agreement from the CNU Chapter Coordinator. The agreement is the controlling legal document that governs the relationship between CNU and its chapters and prescribes what chapters can and cannot do. It contains a description of the chapter's purposes, roles, and responsibilities and incorporates the requirements of the *Chapter Policies Handbook*, including those for chapter membership, administration, and

financial management. The agreement also sets out requirements for the use of CNU's intellectual property and grounds for terminating the agreement.

2.4 Submit Request Full Chapter Status

Submit a Request for Full Chapter Status to certify that the COC has met the requirements outlined above. You will need to include copies of the CNU Chapter Charter Agreement and other important legal and administrative documents. Contact the CNU Chapter Coordinator for the Request for Full Chapter Status checklist.

3 FULL CHAPTER

After approval of the Request for Full Chapter Status, the COC becomes a Full Chapter and is required to comply with all sections of the *Chapter Policies Handbook*, including requirements to regularly report to the CNU Chapter Coordinator. A Full Chapter is eligible for the complete range of CNU services, as described in Chapter 3 (CNU National and the Chapter).

3.1 Termination of the CNU Chapter Charter Agreement

Failure to Obtain 501 (c)(3) Status: The CNU-Chapter Agreement contains a clause that terminates the agreement should the chapter's 501 (c)(3) application not be approved by the IRS. In that event, the chapter reverts to COC Status while the 501 (c)(3) application is re-filed. At this point, the chapter may no longer use CNU's intellectual property, including the chapter logo, and may no longer refer to being a chapter of CNU.

Revocation of the Agreement: The Board of Directors of CNU may revoke the CNU-Chapter Agreement if it determines that revocation is in the best interest of CNU. If the Board determines that the Chapter Agreement for a chapter should be revoked, the CNU Chapter Coordinator will deliver to the chapter president or chair notice of impending revocation together with a statement of the reasons for the revocation. Within 20 days of receipt of the notice of revocation, the chapter may submit to the CNU Chapter Coordinator a written response to the notice describing the reasons why the CNU-Chapter Agreement should not be revoked and the time frame and steps for correction of the conditions leading to the decision to revoke, if any are planned. Such a written response may include a request for an opportunity for chapter representatives to appear before the Board to discuss the proposed revocation.

Within 20 days of receipt of the chapter's written response, the CNU Chapter Coordinator will advise the chapter, in writing, whether (i) revocation will be postponed for a specified period to provide an opportunity to mitigate the conditions leading to the notice of revocation; (ii) revocation proceedings will be terminated, or (iii) revocation proceedings will continue (collectively, the "Determination"). The decision to terminate or postpone revocation proceedings is at the sole discretion of CNU's Board of Directors. If the chapter has requested an opportunity to be heard by the Board prior to revocation, the Board or a committee of not less than five Board members shall meet with chapter representatives at the Board's next scheduled meeting. Following such a meeting, the Board shall determine whether to change the Determination and shall advise the chapter of its decision within 20 days of the Board meeting. In no event shall termination occur earlier than 60 days following the initial notice of impending revocation unless such immediate termination is necessary to protect CNU from the potential of material liability, in which case the Chapter Agreement may be immediately revoked and the procedures outlined above shall be followed in determining whether to reinstate the Agreement.